

QUANTITATIVE RESTRICTIONS

ISSUE

The application by Member States of quantitative restrictions (QRs) on imports will be incompatible with the aims of the Single Market. In developing a common import policy, the Commission may be under pressure to replace national QRs with EC-level protection, with trade distorting effects.

BACKGROUND

Currently, EC Member States, especially France and Italy, make use of some 736 QRs which include quotas and various restraint agreements. Covering such diverse products as autos, textiles, shoes, VCRs etc., these measures have largely been directed at (former) state-trading countries, Japan and other Asian states. These QRs are bolstered by provisions in Art. 115 of the Treaty of Rome permitting Member States to restrict entry of goods that may be routed through another Member State. Representing barriers to trade within the EC, the 1992 program calls for the elimination of all national QRs.

EC POSITION

The Community is examining the possibility of eliminating many of these QRs outright. Continued protection, however, is likely in some sectors. Some Member States are thus likely to insist that certain national QRs be replaced by restrictions at the EC-level, at least for a transition period. The most prominent sector in this regard is automobiles. To replace national QRs, the EC is negotiating a voluntary restraint agreement with Japan on its auto exports for a five year (negotiable) transition period, beginning 1 January 1993. Both the EC and Member States will monitor imports. The aim is to avoid a large increase in the Japanese share of the EC market. The question of Japanese cars produced outside Japan is presently excluded from the prospective agreement as the EC has stated publicly that third country exports would not be encompassed by the arrangement.

CANADIAN POSITION

Canada encourages the EC's attempts to eliminate national QRs in sectors of Canadian interest. Canada accepts the replacement of national QRs by restrictions at EC-level as a second-best alternative after total elimination. Canada recognizes that it would be preferable for Canadian exporters to face EC-wide QRs rather than several varying national restrictions.